

MINUTES
SPECIAL CITY COUNCIL MEETING
CITY COUNCIL OF THE CITY OF YUMA, ARIZONA
YUMA CITY HALL – CONFERENCE ROOM 190
ONE CITY PLAZA, YUMA, ARIZONA
MARCH 16, 2010
3:00 p.m.

CALL TO ORDER

Mayor Krieger called the City Council meeting to order.

ROLL CALL

Councilmembers Present: Stuart, Mendoza, Beeson, McClendon, Brooks-Gurrola, Johnson and Mayor Krieger
Councilmembers Absent: none
Staffmembers Present: City Administrator, Mark Watson
Finance Director, Pat Wicks
Fire Chief, Jack McArthur
Police Chief, Jerry Geier
Various Department Heads or their representative
City Clerk, Brigitta M. Kuiper

I. CITY OF YUMA 2009-10 AND 2010-11 BUDGETS

Watson stated that the City Council has requested staff to bring options to the table following recent budget discussions; today there are several options with regards to outside agency agreements. Staff has conducted budget discussions with each department and fine tuned expenditures for the remainder of the fiscal year and next fiscal year.

Wicks presented the following information:

Overview of the Budget

- The bottom line number was negative; however, thru budget meetings the City staff has been able to find savings in the budget.
- The City has reduced costs without eliminating services; with 3 furlough days the City has been able to bring the budget beyond the target fund balance.
- Today, from a numeric standpoint, the City doesn't need any further reduction of the current budget
- In order to meet next fiscal year's budget the City is considering:
 - Decreasing bilingual pay from \$100/month to \$50/month which will save approximately \$82,000
 - Eliminating car allowances and mileage reimbursements which will save \$38,000; staff will utilize fleet vehicles
 - Decreasing standby pay from \$2/hour to \$1/hour which will save approximately \$180,000
 - Standby pay is designated for employees who are on-call and who are required to remain available for work
 - Positions vary throughout the police department, fire department and utilities
- Retirement incentives have been offered:
 - City to pay 18 months of the employee's portion of the Consolidated Omnibus Budget Reconciliation Act (COBRA) costs – health insurance benefits for employees who leave a job
 - 16 employees have decided to retire

- Labor cost savings is approximately \$877,400
- Possible implementation of a solid waste fee of \$5/month to offset the General Fund subsidy
 - In next fiscal year's anticipated budget, there is a required \$983,000 transfer to the Solid Waste fund to pay for residential solid waste collection
 - The Solid Waste Fund budget has been reduced through attrition and route collection consolidations
 - A \$5/month fee would raise \$1.2 million and eliminate the subsidy that has been incurred
 - Even with the implementation of a sanitation fee, there may still be a deficit in the budget due to possible future legislation
- The City has had a goal of maintaining a 20% operating reserve fund balance in the past but is reducing the percentage to 18%
- The City's revenue fluctuates throughout the year, without an operating reserve the payroll may not be met at certain points in the year
 - The City requires a \$5-7 million fund balance just to make payroll in the first few months of the fiscal year.
 - Property taxes come in twice a year, sales tax has higher collection in the winter
 - Many times the carry over number is observed as funds that can be spent when in fact they are being held in reserve to meet the low points in the revenue
- Thirteen City employees receive a car allowance; the Fire Chief, Police Chief, and City Administrator and every department head. Does eliminating all car allowances equal a \$38,000 savings? **Wicks:** Yes.
- Sales tax report received for February took the City back down into the negative
 - Sales taxes from February 2009 to February 2010 are down 9.6% reversing a slight upward trend
- The next three years must be kept in mind when planning the budget in order to meet future operating and maintenance expenses
- Income Tax collected through the state will be shared with the City; however, there is a 25% reduction in the State shared revenues which could fluctuate further through the remainder of the fiscal year.
- Debt Service - \$1 million was saved this fiscal year, next year the bottom line looks dire.
- For the ongoing safety of the General Fund, a sanitation fee must be implemented to cover the costs of sanitation paid directly by the users of the service.
 - A fee would remove the impact of sanitation collection cost out of the General Fund
 - A fee would have a positive influence on the General Fund
- The City has reduced budgets of every department without reducing services yet the City faces a \$5 million reduction next fiscal year.
- Does the money received from the State Income Tax revenue sharing run behind two years from its actual collection? **Wicks:** Yes, monies received by the state in 2010 will be received by the cities in 2012.
- Even if the economy levels out and starts to grow today, the City would still have declining State Income Tax revenue sharing funds for approximately 2 years.
- Property tax averages a 5% increase from year to year
- The budget for the City will be flat or continue to decline for the next two years.
- The state legislature has passed eleven of the thirteen budget bills to get the State through the fiscal year; in the process two Local Transportation Assistance Fund (LTAF) funds, one of which funds the bus system, were eliminated.
 - Does the budget recognize the additional cost that may have to be picked up if the bus system is to be kept in operation? **Wicks:** No. The LTAF II went directly to Yuma Metropolitan Planning Organization (YMPO) and the City didn't account for it. There is an impact in the future that is not recognized in the budget.

- Transfer of the LTAF II funds to YMPO were approved by the City for the operation of the bus system.
- LTAF II funds not longer exist; therefor someone will have to come up with the funding to keep the bus system operating.
- The City is operating at approximately the 2003 dollar level; today there are more buildings, facilities and infrastructure to account for.
- Stimulus funding brought in \$850,000
- Replacements in the building, solar panels and electrical analysis have been discussed for more efficient air conditioning units
 - The City has reduced its kilowatt usage by 50% but the dollar cost remains the same.
- A memo was sent out to staff regarding furloughs stating additional hours would be required for the remainder of the fiscal year.
- Does the furlough time include all employees, or does it exclude public safety?
 - All employees are included; excluding public safety would result in four furlough days for regular employees.
- Has staff looked into what occurs when police and fire furlough?
 - Staff has found most General Fund employees would take a vacation day without pay
- Would having police and fire furlough put public safety at risk?
 - Part of the management responsibilities is to have the Fire and Police Chiefs review the situation to ensure there is not an impact.
 - There are enough firefighters and police officers for the employees in those departments to take vacation days; there is an ability to plan around furloughs
 - When the General Fund employees took furlough days, the Chiefs had to manage overtime of fire fighters and police officers; however, some overtime was paid out of the Operation Stone Garden Grant.
- Has there been any discussion on cutting back Household Hazardous Waste collection and the Neighborhood Clean-up to twice a year? **Watson** stated there have been no discussions on service reduction.
- Are the Household Hazardous Waste and Neighborhood Clean-up programs state mandated? **Watson:** No.
 - Reducing those services would be a more desirable option than imposing a solid waste collection fee on the citizens of Yuma.
 - The City is in a financial crisis and a solid waste fee may be the solution to help correct the budget situation.
- The citizens of Yuma have elected the City Councilmembers to prioritize the expenditures of the City to provide essential services.
- The police department is understaffed, the fire engines are not being fully staffed to meet the Occupational Safety and Health Administration (OSHA) safety code and to impose furlough days on public safety would not be a wise decision.

Motion (Johnson/Stuart): To not budget furlough days for Police Officers, Fire Fighters, and other essential public safety employees such as the 9-1-1 dispatchers.

Beeson asked if the furloughs for public safety included the support roles in the departments such as traffic investigators or evidence technicians. **Watson** stated it does not; clarity is needed as to what City Council desires staff to do. If the Evidence Division needs to be open 24-7 then the employees in the evidence

locker can't be furloughed; if a janitor is needed 24-7 due to accidents then they can't be furloughed. All staff associated with public safety will have to be evaluated to determine if they are essential, down to the computer operators in the Information Technology Services (ITS) department. In general, the City Council would like to see a furlough solution that has little to no impact on public safety. **Mayor Krieger** asked if wording the motion to "sworn officers" would help give clarity. **Watson** stated that sworn officer's covers 75% of the personnel in those areas and leave the other positions flexible for further discussions. **Johnson** stated the intent was for sworn street patrol officers, on duty fire fighters and dispatchers. If there is situation where evidence must be booked in, an employee can be called out. **Mayor Krieger**: Without altering the motion, is it clear enough? **Watson** responded that the motion gives staff good direction.

McClendon asked if the Fire Department is in fact in compliance with OSHA. **Watson** stated that there are National Fire Protection Association (NFPA) standards, which City Council can elect to adopt, that recommend four people on an engine; the City's residential station only has three. More staff would be needed to operate the engines with four firefighters. **McClendon**: Is the City in compliance? **McArthur** explained that most fire engines in the state do not have four fire fighters on them. The NFPA recommends that four firefighters be delivered to a scene on one truck. The City is working on getting a Safer Grant to allow for more firefighters along with an EMS Transport proposal. Having four firefighters per engine is a goal that staff is working on.

Johnson stated that he understands that when the Fire Department is dispatched to a fire, there must be four firefighters on the scene before anyone is permitted to clear the building of possible victims. **McArthur** responded that the standard states with three fire fighters and a level of suspicion that there will be rescue of a live person, one could enter the building; however, if there isn't proof somebody is in the building then they must wait for the second arriving engine or have four firefighters onboard. It doesn't change the fact that four firefighters on a truck are ideal. **Johnson** stated that if the person is already passed out due to smoke inhalation and the crew is unaware they are in the building; they still must wait for another engine to arrive. **McArthur** stated that the Fire Department is in the process of getting to the staffing level of four firefighters per engine; the fire department is staffed as well as anywhere else in the state.

Mayor Krieger stated that regardless of the number of firefighters on an engine, he has confidence in the department that staff will do what is right in any situation. If the Fire Department knows that furlough days are going to be implemented then they will be able to plan accordingly. **McArthur** agreed.

Mendoza stated that public safety could be a broad issue. In this case it is the patrol officers and firefighters but it can apply to all of the essential officers and employees. Public safety could also be in reference to the streets department, if there aren't enough employees to patch potholes due to furloughs it could lead to public safety issues. Both the fire and police chiefs indicated they had plans in place for furloughs. If the City Council wants to worsen the morale of the rest of the employees, then make fire and police immune to furloughs. Police officers and fire fighters schedule days off in advance, and the City Council has given advanced notice in regards to furloughs. If an employee takes vacation days, implement the furlough hours in the time off. The Police Department has been short employees for 30 years; however, they are still responding to calls. In regards to the Fire Department, it is a good idea to have four fire fighters per truck; however, the City is not violating OSHA or NFPA standards. It is difficult to not include police and fire in the furlough days leaving the remainder of the employees to carry the burden.

Watson reminded the City Council that furloughs are a budgeting tool and can be allocated as desired. Exempting fire and police will have the effect of everyone else taking twice as many furlough days. **Mayor Krieger** stated the City Council must deal with the numbers step by step to begin pairing down the deficit

and must start somewhere. Burglaries are doubled from last year and morale is an issue that needs to be considered not only for the City employees but for the community as well. The citizens expect a response when crimes are committed and they deserve it.

Mendoza stated that the morale of the citizens is down due to many reasons. He requested hearing from the Police and Fire Chiefs as to whether or not they have a plan set in place anticipating furloughs.

Chief Geier stated the police department did have a plan in place when the furloughs were first announced. Two days were planned from now until June 30 while still being able to meet the needs of the community. Priority calls and emergency calls will always be answered in a timely manner; however, furloughs will have an effect on lower priority calls response times.

Chief McArthur stated that the Fire Department does have a plan. The department plan included shutting down an engine every once in a while. **Mendoza** asked for clarification. **McArthur** stated that in 60 days the firefighters must have two furlough days off so in order to make it work on reduced staff, shutting down a ladder truck a couple times a month is what the firefighters have decided.

Mayor Krieger stated if the sworn police officers took one furlough day to allow them to share in the burden it would not cause as severe of an impact. **Johnson** stated that the Fire Department and the Police Department planned on providing lower levels of service to save the City money; however, that is not ideal when staffing is already down. The community expects a rapid response when there is an emergency and that will not happen if the sworn officers, firefighters and 911 Dispatchers are furloughed. **Stuart** stated the major responsibility of the City is to provide adequate protection to the community. **Mendoza** commented that the remainder of staff would have to double furlough time so that police and fire will be on duty.

Roll call vote: **adopted** 6-1; Mendoza voting Nay.

Residential Solid Waste Collection Fee

Watson stated that staff needs direction to prepare the budget with or without a sanitation fee. **Mayor Krieger** noted that implementation of a \$5 solid waste fee along with the current \$6.25 Environmental fee would total \$11.25 per month. **Johnson** stated that the City is at the point of where a solid waste fee is necessary; however, consideration should be given to not setting a specific rate at this time. **Mayor Krieger** stated that \$11.25 a month to have solid waste hauled away is a fair amount. The City Council needs to make a decision now so the budget process can move forward. The City Council knows the impact the \$5 fee will have on the budget, the downturn in revenue will be consistent for a few years therefore a pro-active approach must be taken today to overcome the deficit the City is facing in the 2011-2012 fiscal year.

Mendoza asked if a \$4 fee could be considered instead of a \$5 fee. Any decision the City Council makes will be criticized. **Wicks** stated that a \$4 fee would generate \$984,000 and would require a subsidy from the General Fund; the \$5 fee will generate more than is required and would eliminate the subsidy. The tax dollars that are generated can then be utilized on services in which they were intended by law. Residential sanitation is a specific cost for a specific person known in advance on a scheduled basis.

Mayor Krieger stated that although the police department responds to numerous false alarms annually it is not able to recover those costs. It impacts the department and takes away from other services that could be provided.

Stuart stated that as the fee is being discussed, the budget must be planned with no furloughs for public safety and the outside agencies still need to be discussed. The City's revenues need to be increased in order to meet the needs of the community; the sanitation fee is a fair solution.

Motion (Mayor Krieger/McClendon): To implement a \$5 per month solid waste collection fee to begin at the next fiscal year budget cycle.

Beeson stated that although he agrees a sanitation fee is needed to correct the financial situation, he does not agree with setting a dollar amount before knowing the impact of reducing other services, such as the Household Hazardous Waste collection. **Mayor Krieger** stated that reducing the service level might not have the same impact as a sanitation fee would have.

McClendon asked if the environmental fees, included in the \$6.25, are mandatory. **Wicks**: The \$6.25 as presently billed covers several services such as Household Hazardous Waste collection, Neighborhood Clean-up, and recycling; however, it does not include curbside pick up or landfill fees. The \$5 is intended to cover residential solid waste collection which is currently paid through the General Fund. There is a process that staff must go through if City Council is to give direction today, such as a resolution and review of the sanitation budget. If a reduction in services affects the budget positively, then staff and City Council can consider lowering the \$6.25 fee.

McClendon: The landfill fee would be required and would stay as part of the \$6.25 because it is mandatory that the City hauls away the trash. However, the City must reduce the extras, such as recycling. **Wicks** stated staff could reassess the services provided through the fee, reduce the services and potentially lower the fee. **McClendon** asked if staff would break down the services for City Council to review. Recycling is a service the citizens want more of; it should not be eliminated but a reduction in the other services would be more feasible. **Wicks**: The effect on the fee would be determined by the numbers of services that are reduced; it would be relatively minor in relation to the landfill cost.

Mayor Krieger reminded City Council the actions tonight are to give staff direction so a budget can be prepared; there is an option to refine the budget before it is adopted. **Watson**: Correct, it would not be wise to develop a budget based on a sanitation fee that the City Council did not want. **Stuart** asked if the \$5 fee is per month. **Mayor Krieger** stated it is.

Roll call vote: **adopted** 5-2; Beeson and Johnson voting nay.

Outside Agency Funding

In response to Councilmember Stuart's inquiry, **Watson** presented the following information:

Outside Agency Agreements

- Internal auditors in various departments oversee the agencies and their performance.
 - For instance, Steve Moore is responsible for Legal Aid and other contracts
 - City Administration works with the Visitors Bureau, Heritage Area and Heritage Festivals.

- The outside agencies are all in general compliance with the terms of the contracts.
- Some of the outside agencies have reserved board seats for City Councilmembers, the Mayor and/or the City Administrator and others do not.
 - Unless the agency has delineated specifically a seat for a City Councilmember, Councilmembers do not serve on the board.
 - Councilmember Johnson is appointed to the Salvation Army on a personal level, but somewhat represents the City.
- Which outside agencies provide mandated services and what are those mandated services?
 - The only real mandate is to properly spend the 2% Hospitality Tax; the restrictions are identified in the City Charter.
 - The Humane Society serves as the animal control agent and they have rules and state regulations they monitor for the City.
 - No other agency provides mandated services.
- LTAF funds were used to support arts and cultural agencies; however those funds have been eliminated.
- The performance standards are outlined in the individual contracts.

Recommendations

- There is a need for more collaboration, the agencies need to work closer together and share some of the costs and use the various talents in each of the areas to work together.
- The time is now to work close together through greater economies of scale
- Utilize promotional responsibilities of the Visitors Bureau to support cultural activities within the City
- Use social services to support public safety responses
- Consider strategic use of gambling proceeds for one-time assistance to soften impact to local agencies

2% Hospitality Tax – Participating Agencies

- Yuma Crossing National Heritage Area
 - Supports the operations of the Quartermaster Depot per State agreement
 - Working on obtaining operations of the Yuma Territorial Prison which can be a tool to promote the City
 - A reduction of \$25,00 is recommended
- Yuma Visitors Bureau
 - Supports promotions that bring out-of-town visitors and businesses to support hospitality industry
 - Receives the largest allocation of hospitality tax funds at a voter approved minimum cost of \$400,000
 - It can and should provide in-kind and limited financial support for direct promotions that impact the hospitality industry
 - Yuma Visitors Bureau can partner more with Greater Yuma Economic Development Corporation
 - Yuma has a hotel industry of 3,800 rooms and 6,000 employees and needs active promotion of Yuma as a destination
 - Mandate the Visitors Bureau, Heritage Festivals and Heritage Area collaborate with each other using common staff, promotional material and marketing campaigns
 - No reduction is recommended
- Main Street/Heritage Festivals
 - Supports promotional events in the downtown
 - A reduction of \$9,000 is recommended

- Film Commission
 - Promotes Yuma as a film destination at the annual west coast conference
 - The website has a listing and picture of each of its films
 - The Film Commission duties can be merged with the Visitors Bureau responsibilities which would save \$10,000
 - Numerous independent films were filmed in Yuma
 - Jarhead was filmed in Yuma approximately 5 years ago

General Fund

Animal Control Services Recommendations – Humane Society of Yuma (HSOY)

- Change budget reference to “animal control” contract
 - Not a donation to HSOY
- Without animal control funding, an impact will be seen in the Police Department
- Kenneling costs:
 - \$67/day charged to San Luis – no contract with HSOY
 - \$25/day charged to the City of Yuma per the contract, saving the City a considerable amount of money
- Option A would leave funding at the current level
- Option B would reduce the City’s contributions by \$60,000 – equivalent to Yuma County licensing fees.
 - This would allow a fixed amount of \$400,000 for animal control
 - Citizens must expect limited response/control patrol and accept “rollover calls” to Police

Greater Yuma Economic Development Corporation (Greater Yuma EDC):

- Greater Yuma EDC is the only agency to promote economic development in Yuma for the upcoming year.
 - Continuation of funding is vital for new growth
 - Reduce contribution by \$24,000 with expectation of cost efficiencies through collaboration with Yuma Visitors Bureau and other agencies.

Culture and Recreation Recommendations

- Yuma Fines Arts Association
 - The agency has been around for many years and adds to the quality of life
 - Reduce allocation by 50% to \$17,500
- Salvation Army Boys and Girls Club
 - Reduce allocation by 50% to \$5,000
 - The General Fund money can be offset with Quechan gambling proceeds
- Cultural Council of Yuma
 - Pays a part time individual and staffing with their funding
 - Eliminate funding and designate YVB to coordinate 1-2 cultural events as part of work program
 - Cultural activities were funded through LTAF funds; however, those funds are no longer available
- Catholic Services - Safe House
 - Provide a safe house for women and families that are in danger
 - The program has been helpful to the police department
 - Reduce allocation to \$15,500

- Adult Day and Health Care
 - Eliminate program funding due to discontinuance of State funding
- Amberly's Place
 - Sustain funding at current level but supplement the General Fund dollars with Quechan gambling proceeds of \$10,000
- Crossroads Mission
 - Sustain funding at current level but supplement General Fund dollars with Quechan gambling proceeds of \$10,000.
- Community Legal Services
 - Eliminate General Fund support and utilize only Community Development Block Grant funds
- Lobbying
 - Due to major financial impacts by the Arizona Legislature, continue engagement of Highground, Inc.
 - Due to the need for Yuma National Heritage Area funding and Homeland Security funding, continue engagement of The Ferguson Group, provided the funded projects exceed the investment

Mayor Krieger stated that it appears the health and welfare services for the citizens add up to about \$100,000, while funds for animal control issues are four times the amount.

Johnson inquired about the kennel charge of \$67/day at the Humane Society. **Watson** explained that San Luis does not have a contract with the Humane Society. The City of Yuma has a contract therefore the cost is outlined in the agreement. **Johnson** stated the cost of kenneling caught his attention because it is around the same price to house a prisoner at the county jail. Many of the organizations the City has provided funding to are not normal City functions; they are the responsibility of the County and the State. The City has been donating taxpayer money for many years to nonprofits that are the responsibility of the State and County, there is not justification for furloughs or reduced services. The use of the General Fund tax money to donate to charity is forcing the taxpayers to subsidize the charity whether they like it or not. **Watson** explained that when he arrived at the City, the City Council had been supporting community efforts and nonprofits through money sent to the United Way, who in turn disbursed those funds. Some of social agencies have an affiliation with police or fire and directly relate back to the City.

Johnson inquired about the amount of funding the County provides to Crossroads Mission. **Watson** stated that he didn't have an immediate answer but could provide one within 24 hours.

Mayor Krieger: When is the next opportunity to deal with this? **Watson** stated at the next budget discussions many of the agencies will be represented and City Council will have an opportunity to hear from them. It is important to lock in a decision to give the agencies advance notice if their funding is cut.

McClendon: If funding to the Humane Society is reduced to \$400,000, the calls for animal control will rollover to the Police Department adding another job to their list. **Watson** explained that the impact of cutting \$60,000 is the loss of one animal control officer and one vehicle off the street. Reducing the level of service could cause a rise in the animal population. **McClendon** inquired about the amount of funding the County provides to the Humane Society. **Watson** stated that the County contributes approximately the same as the City.

Mayor Krieger asked if a meeting needs to be scheduled in order to pick up the conversation and provide staff with direction. **Watson** requested adding other services to the agenda, such as the baseball leagues and

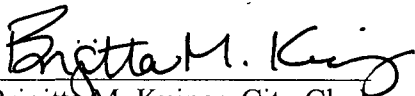
swimming pools. **Mayor Krieger** requested a meeting be scheduled next week so the City Council could have more time to discuss the issues. **Kuiper** reminded the City Council there are still a few items left on the agenda that can be moved to the next Special Worksession/Roundtable.

II. YUMA REGIONAL COMMUNICATION SYSTEM – moved to future agenda

III. UPDATES - none

IV. EXECUTIVE SESSION/ADJOURNMENT

Mayor Krieger adjourned the meeting at 4:58 p.m. No Executive Session was held.


Brigitta M. Kuiper, City Clerk

APPROVED:


Alan L. Krieger, Mayor

Approved at the City Council Meeting of:
<u>MAY 5, 2010</u>
DEPUTY
City Clerk: <u>[Signature]</u>